

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY ACCRA IMMEDIATE

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E.O. 11652: N/A

TAGS: EAIR, GH

SUBJECT: CIVAIR: PAN AM CURRENCY REMITTANCES

REF: A) ACCRA 4628 B) STATE 164782

1. AT JULY 18 MEETING IN DEPARTMENT,PAN AM REPS, DAVID REDPATH, ASSISTANT TREASURER-INTERNATIONAL, AND ED PERKINS, DIRECTOR GOVERNMENTAL AFFAIRS, PRESENTED PROPOSAL WHEREBY THE EMBASSY, ACCRA, WOULD BUY BLOCKED LOCAL CURRENCY FUNDS FROM PAN AM FOR OFFICIAL EMBASSY NEEDS. PAN AM REQUESTED DEPARTMENT SUPPORT IN PAN AM ATTEMPT TO SECURE TREASURY DEPARTMENT APPROVAL WHICH HAS FINAL SAY THIS MATTER.

2. AFTER EVALUATING PROPOSAL, AND AFTER DISCUSSION WITH EMBASSY ECON COUNSELOR WHO WAS IN WASHINGTON AT TIME,
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DEPARTMENT HAS DECIDED NOT RPT NOT TO SUPPORT PAN AM PROPOSAL. BASIC REASON IS THAT WE ARE NOT PERSUADED BY ARGUMENT THAT PREFERENTIAL TREATMENT FOR PAN AM IS JUSTIFIED BY USG INTEREST IN PAN AM OPERATIONS. PAA STATES THAT SUCH USG INTEREST IS GREATER IN CIVIL AVIATION MATTERS THAN IN NORMAL COMMERCIAL MATTERS DUE TO THE DEGREE OF GOVERNMENTAL INVOLVEMENT IN CIVAIR MATTERS.

DEPARTMENT HAS INDICATED TO PAN AM THAT WHAT CONSTITUTES
USG INTEREST MUST BE BROADLY DEFINED, AND THE DEGREE OF
FORMAL USG INVOLVEMENT IS ONLY ONE OF THE FACTORS.

3. FURTHERMORE, WE SEE A DANGER THAT IF SUCH AN ARRANGE-
MENT WERE ESTABLISHED, GOG COULD BE TEMPTED TO CONSIDER
THE PROBLEM SOLVED, AND IGNORE FURTHER ATTEMPTS TO
ADDRESS THE BACKLOG PROBLEM WHICH PAN AM STATES NOW IS
BETWEEN 2.5-3 MILLION DOLLARS US. IN THIS REGARD, WE
SHOULD NOTE THAT THE MONTHLY PROCEEDS OF PAA ARE GREATER
THAN THE MONTHLY EMBASSY NEEDS, SO PAA'S BACKLOG WOULD
CONTINUE TO GROW, ABLEIT AT A REDUCED RATE.

4. ECON COUNSELOR SUGGESTED TIME MAY BE APPROPRIATE FOR
HIGH-LEVEL PAN AM APPROACH, INVOLVING SENIOR PAN AM EXECU-
TIVE ACCOMPANIED BY CHARGE, TO HEAD-OF-STATE RE THIS ISSUE.
TIMING OF SUCH AN APPROACH PARTICULARLY APPROPRIATE SINCE
PREVIOUS AIRLINE REPRESENTATIONS WERE MADE BEFORE RECENT
COUP WHICH REPLACED MANY KEY GOG OFFICIALS. DEPARTMENT
CONCURS IN THIS APPROACH, AND BELIEVES IT OFFERS PROSPECT
OF MORE EFFECTIVE AND PERMANENT SOLUTION THAN PAN AM
PROPOSAL.

5. ACTION REQUESTED: IF EMBASSY CONCURS, DEPARTMENT
PLANS REPLY TO PAN AM ALONG LINES INDICATED FOREGOING
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AND SUGGEST MEETING AS PER PARA 4. BEFORE SUCH A
MEETING, EMBASSY SHOULD MAKE APPROACH TO GOG INDICATING
DEPTH OF USG CONCERN OVER SUCH CURRENCY MATTERS AND SHOULD
REQUEST THAT GOG OBSERVE THE CENTRAL BANK AGREEMENT OF
MAY, 1977, WITH THE AIRLINES CONCERNING CURRENCY
REMITTANCES. EMBASSY SHOULD USE ITS JUDGMENT AS TO
FORM SUCH AN APPROACH SHOULD TAKE. HOWEVER, WRITTEN
APPROACH MAY BE MORE EFFECTIVE AND APPROPRIATE BEFORE
MEETING WITH HEAD-OF-STATE.

6. COMMENT: IN DISCUSSION AT DEPARTMENT, PAN AM
INDICATED IT WAS CONSIDERING A NUMBER OF POSSIBLE ACTIONS
IT COULD TAKE IN GHANA TO ALLEVIATE ITS CURRENCY SITUATION.
ALTHOUGH TERMINATION OF OPERATIONS WAS MENTIONED AS AN
OPTION, IT WAS NOT STRESSED. DEPARTMENT DID NOT RECEIVE
IMPRESSION THAT PAN AM WAS SERIOUSLY CONSIDERING
SUSPENDING OPERATIONS AS IN ZAIRE, ALTHOUGH PAN AM DID
STATE THAT IT WAS RE-EVALUATING ITS SERVICE TO GHANA.
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